

**COVER SHEET TO
JENNIE-O TURKEY STORE, INC.
MINNESOTA GROW/STORE AGREEMENT**

Jennie-O Turkey Store, Inc.
2505 Willmar Avenue Southwest
Willmar, Minnesota 56201
Telephone: (320) 235-2622

Grower: _____

Address: _____

Phone No.: _____

**THIS DOCUMENT IS A LEGAL CONTRACT BETWEEN
JENNIE-O TURKEY STORE, INC. AND YOU.**

READ YOUR CONTRACT CAREFULLY. This cover sheet provides only a brief summary of your contract. This is not the contract and only the terms of the actual contract are legally binding. The contract itself sets forth, in detail, the rights and obligations of both you and us. **IT IS THEREFORE IMPORTANT THAT YOU READ YOUR CONTRACT CAREFULLY.**

MATERIAL RISK DISCLOSURE STATEMENT

Please carefully consider the following risk factors in addition to your personal animal husbandry skills, management skills, experience and knowledge before signing this contract.

TURKEY PRODUCTION RISKS

- Raising live turkeys for profit depends on many factors. Performance under the terms of this contract does not ensure that you will make a profit. Your profitability is affected by numerous factors. Such factors include, but are not limited to, your own husbandry and management skills, flock health, adverse weather conditions, and catastrophic loss of facilities or turkeys on account of factors beyond your control.
- You bear all risks of production of live, wholesome turkeys until delivery and acceptance by us at our designated plant facility. Such risks include, but are not limited to, death loss and delivery of non-standard, diseased, injured or otherwise unwholesome turkeys.
- As necessary, we may modify the placement schedule based on our needs or circumstances beyond our control.

FINANCIAL RISKS

- A determination of what you will be paid under this contract is determined by the number of turkeys delivered to us. This means that you are not assured of covering all your costs of operation, or of earning a profit, by performing in accordance with the contract terms.
- After the initial ten-year period of the sublease, and you exercise your option to purchase, you are responsible for all capital improvements to your Facility.

REGULATORY RISKS

- You are responsible for obtaining all necessary permits to legally construct and operate your facilities. Failure to obtain such permits may result in enforcement actions being taken against you by regulatory agencies.
- The turkeys may be quarantined or destroyed by animal health or other regulatory agencies if the turkeys are found to be diseased.
- You are responsible for the removal and disposal of manure and litter and must follow all local, state, federal laws and regulations in regard to that disposal.

TERMINATION RISKS

- This Agreement is for a term of for twenty-five (25) years.
- You may not terminate this Agreement during its first ten (10) years.
- After the first ten (10) years of this contract, you may terminate by giving 365 days (1 year) notice and paying a non-refundable termination fee.
- We may terminate this contract by giving 365 days (1 year) notice and reimbursing you for investment damages.

- We may immediately terminate this contract if you voluntarily abandon or are convicted of an offense directly related to this contract.
- We may terminate this contract if you are in default by providing ninety (90) days' written notice. Default provisions are explained further in this Agreement.

YOUR RIGHT TO REVIEW AND CANCEL THIS CONTRACT

You may cancel this contract by mailing a written cancellation notice to us at the address set forth above within three business days after you receive a copy of the fully signed contract. The written notice of cancellation will be deemed mailed on the date of the postmark on the envelope.

VOLUNTARY AGREEMENT; NO GUARANTEE OF PROFIT

You acknowledge that: (1) you have voluntarily entered into this contract on your own accord; (2) you have had adequate opportunity to consult with your own attorney and accountant regarding all legal, accounting and tax consequences of this contract; and (3) we and our employees and agents make no representations or guarantees of any kind whatsoever regarding the consequences or profitability of this contract to you.

Your Initials: _____ Date: _____

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MINNESOTA GROW/STORE AGREEMENT

THIS AGREEMENT is made by and between Jennie-O Turkey Store, Inc. (referred to in this Agreement as "we", "us" or "our") and the undersigned grower (referred to in this Agreement as "you" or "your").

You own and operate turkey growing facilities (referred to in this Agreement as "Facility"). You want to grow turkeys in those facilities as an independent contractor. We have Breeder Flock Replacement Turkeys (referred to in this Agreement as "BFRs" or "BFR Turkeys"). We need a reliable grower with facilities for the purpose of housing and caring for the BFRs until they are transferred to our breeding facilities.

THEREFORE, it is mutually agreed as follows:

I. **Your Obligations.** You agree to the following terms and conditions:

1. You agree to use your best efforts at all times to satisfy all terms of the Agreement and to grow BFR turkeys at a level of quality and cost to our ultimate satisfaction. You agree to provide necessary tools, equipment, supplies, and expertise for the proper growing of BFRs and to obtain the maximum amount of livability possible.
2. To provide turkey growing Facilities that provide ventilation appropriate for BFRs.
3. To maintain Facility roadways and access drive(s) in a condition to provide safe and sanitary access to facility and live turkeys.
4. To provide Facilities that provide appropriate and adequate lighting, water, and feed systems to grow BFRs.
5. To maintain Facilities in such a condition as to provide for the safety of the flocks grown and to the satisfaction of us.
6. To follow our instruction on the care and husbandry of the BFRs.

II. **Our Obligations.** We agree to the following terms and conditions:

1. To furnish and deliver our BFRs to your Facilities. We will deliver our BFRs pursuant to a placement schedule explained on Appendix 1, entitled "Placement Schedule".
2. To provide the materials and supplies listed on Appendix 2, entitled "Growing Supplies". We shall provide "Growing Supplies" either by purchase on our own or through reimbursement to you. We shall provide materials and supplies adequate to raise our BFR turkeys. You, however, have the right, with our prior consent, to obtain materials and supplies from someone other than us. If you

choose to obtain materials and supplies from someone other than us, one of the following will occur:

- a. We will pay you an amount equal to our average cost for the materials and supplies not provided by us for flocks raised during the period in which the flock was raised. Payment for materials and supplies to you shall be due fifteen (15) days following the date the supply or material would normally be used by you for fulfillment of this Agreement.
 - b. We, at our option, will pay invoices directly to the supplier of materials.
3. Remove and dispose of manure and litter from the Facility according to our cleaning schedule. We shall be responsible for cleaning the Facility, provided that you may bid to provide such cleaning in accordance with all federal, state, and local regulations and proper industry practices. If you are awarded the cleaning bid, you retain the manure as compensation for cleaning, but will be subject to our cleaning requirements and schedule.
 - a. If you obtain the cleaning bid, you will be responsible for the proper storage, handling and disposing of manure from your facility.
 - b. You agree that the discarding or disposal of manure shall be in compliance with all applicable federal, state and local laws and regulations, including all environmental laws.
 - c. You agree to hold us harmless from any liability that arises from your storage, handling and disposing of manure from your facility.
 - d. You agree to maintain complete and accurate records of manure removal and spreading and will provide those records upon our request.
4. Dispose of dead turkeys. However, you must comply with our procedure for collection and placement of dead turkeys. We will require the dead birds to be ready for pickup or, require you to compost or incinerate dead turkeys according to applicable federal, state and local laws and regulations.
5. To pay you according to the terms and condition of this Agreement.
6. In order to promote cost control when we reimburse or provide supplies, we will pay you a bonus if you are able to grow a flock at an average supply cost less than us.
 - a. Qualifications for this bonus payment shall be based upon your annual cost for litter, fuel, electrical, and medication cost per bird day compared to our average supply cost for the same items.

- b. Comparisons shall be made on an annual basis beginning with the first placement of a flock under this Agreement. Your annual period for the purpose of the comparison shall be two (2) consecutive flocks.
 - c. Our average cost will be calculated every twelve (12) months coincident with our fiscal year, which begins on or about the first day of November and ends on October 31st. Our current average supply costs are detailed on Appendix 3 entitled "Jennie-O's Average Cost for the Past Twelve Months."
 - d. You will qualify for a bonus payment if your annual average flock supply costs are at least three and one-half percent (3.5%) lower than our average supply costs. The specific amount of bonus that you can qualify for is detailed on Appendix 4 entitled "Supply Cost Bonus Payment".
 - e. Payment of bonus shall be calculated by us no later than thirty (30) days following the end of each annual growing period.
7. We will pay you a bonus if you are able to grow a flock with acceptable footpads of BFR hens and toms. Quality of footpads will be measured by our management personnel prior to turkeys being loaded on live haul trucks for transfer to our breeder farms. The specific amount that you can qualify for and earn is outlined in Appendix 5 entitled "Quality Incentive Payment." Payment shall be calculated by us no later than fourteen (14) days following the transfer of each flock (twice annually).
8. Payment to you. We will pay you for performance of this Agreement as follows:
- a. Cash Payments
 - (1) We will pay you for each head of turkey delivered to us. Payment shall be based upon the schedule outlined in Appendix 6 entitled "Per Head Payment Schedule".
 - (2) The number of head of live healthy turkeys delivered shall be the number of turkeys moved at the time of transfer and shall be determined by our personnel as turkeys are loaded on live-haul trucks for transfer to our breeder farms.
 - b. Building Payment
 - (1) During the first seven years of this Agreement, we shall pay you \$_____ on the first day of the month following the month in which the building is certified as ready for occupancy by turkeys. We will continue on the first day of each month until we have made eighty-four (84) payments or the contract is terminated, whichever occurs first. If, however, you lose growing rights due to

termination of this Agreement, we may, at our discretion, withhold the building payment.

- (2) If you acquire the turkey-growing building(s) at the end of the seven year term of the Sublease by exercising your option to purchase, we shall pay you a monthly payment in an amount necessary to amortize the option purchase prices at the rate of two and one-half percent (2.5%) in excess of the average yield on U.S. Treasury Securities with a maturity of five years over a period of thirty-six (36) months at the time of payment of the option purchase prices.

III. General Terms. General terms and conditions for both parties.

1. Our Property. You acknowledge and agree that written materials, information, schedules, and guidelines provided by us are our property and shall be kept in confidence. They shall be returned to us upon termination of this Agreement.
2. Facility Access. We, through our authorized representatives, shall have access to the Facilities and to your property at all reasonable times to inspect our BFRs and ensure performance of this Agreement. We indemnify you from any persons that we would authorize to be on your premises.
3. Relationship of the Parties. You are an independent contractor. Nothing in this Agreement shall be construed to imply anything inconsistent with that relationship or status. You are solely liable for all labor in connection with the performance of this Agreement and for any and all damages and loss which may occur because of an act or omission of you or your employees or agents, whether for personal injury or damages of any kind.

You agree to fully indemnify and hold us harmless against any and all loss, liability, damage, and expense arising out of your default or in your failure of obligation to your employees or agents.

4. Termination.

- a. Termination by you. This Agreement is for a twenty-five (25) year term. You may not terminate this Agreement during the first ten years. After the ten years, you may unilaterally terminate this Agreement only upon notice and payment of a termination fee or upon the default by us.
 - (1) After the first ten years of this Agreement, you may terminate by giving us written notice three hundred and sixty five (365) days in advance of the intended termination. You also will pay a non-refundable termination fee of \$523,000 paid by cashier check with the notice of intent to terminate.

- (2) Default by us:
 - (a) failure to make a payment to you which remains unpaid in whole or in part for more than sixty (60) days after written notice from you to us that the same is due and payable; or
 - (b) we violate, or materially breach any of the other covenants, agreements, stipulations or conditions of this Agreement, and the violation or default continues for a period of ninety (90) days after written notice from you of such violation or default. If the default is of a nature that it requires more than ninety (90) days to cure, that longer period can be used to cure the default if you agree.
 - (3) If we default and do not cure after the appropriate notice and period to cure the default, then you shall have the right to terminate the Agreement. You may receive damages attributable to our default and the cost of enforcement. However, this will be limited to a maximum of two years of building payments.
- b. Termination by us. We may unilaterally terminate this Agreement only upon notice or upon the default by you.
- (1) We may terminate the Agreement by giving you written notice three hundred and sixty-five (365) days in advance of the intended termination and upon payment of the balance of the Building Payment that remains unpaid. We may elect to pay this in one lump sum based on the present value of the unpaid balance or to pay it out periodically over the original term of the building payment.
 - (2) Default by you. We may terminate the Agreement if you are in default. Any one or more of the following events is Default by you:
 - (a) Loss of Growing Rights as provided in this Agreement.
 - (b) If you fail to make a payment which remains unpaid in whole or in part for more than sixty (60) days after written notice from us to you that the same is due and payable.
 - (c) You violate or materially breach any of the covenants, agreements, stipulations or conditions of this Agreement, and the violation or default continues for a period of ninety (90) days after written notice from us of such violation or default. If the default is of a nature that it requires more than ninety (90) days to cure, that longer period can be used to cure the default if we agree.

- (d) The institution of bankruptcy, reorganization, liquidation, or receivership proceedings, voluntary or involuntary by or against you, or the appointment of a receiver, trustee, conservator or other judicial representative for you.
 - (e) Allowing any property of ours to become subject to a lien or encumbrance.
 - (f) Conviction of you of an offense directly related to the business conducted under the Agreement;
 - (g) Voluntary or involuntary abandonment of the contract relationship by you, including, but not limited to, your failure to provide adequate care and feed for the turkeys, or your action, omission, or inaction resulting in the immediate peril to the turkeys.
 - (h) Disclosure of confidential information belonging to us or disclosure or use of our trade secrets, including allowing a competitor or agent of a direct competitor access to the Facility.
- (3) If you are in default, we will provide you with written notice ninety (90) days prior to the termination date and the reasons for termination. You have sixty (60) days from the date of termination notice to correct the reasons for termination.
- (4) In the event you default for reasons other than termination of Growing Rights, your growing rights shall also be terminated. In the event we terminate this Agreement due to your default, we shall also have the right to receive damages attributable to your default and costs of enforcement.
- (5) If you default by voluntary abandonment or by conviction of an offense directly related to this contract, then we shall have the right to take immediate possession of the turkeys and supplies, and to terminate this Agreement effective immediately upon delivery of oral or written notice.
5. Notices. All notices, demands, or other writings in this Agreement provided to be given or made or sent shall be deemed to have been fully given or made or sent when made in writing and hand delivered or deposited in the U.S. mail to either party at the address designated below.
6. Captions. Captions in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

7. Recording. The parties agree not to record or register this Agreement.
8. Entire Agreement; Binding Effect. This Agreement constitutes the entire and complete agreement between the parties. This Agreement supersedes any prior arrangement, written or oral, and is binding upon the parties, their heirs, personal representative(s), successors and assigns. No written or oral promises, agreements, or representations have been made concerning this Agreement except as included in this Agreement.
9. Governing Law. This Agreement and the rights of the parties shall be governed by and interpreted in accordance with the laws of the State of Minnesota without regard to conflict of laws principles.
10. Waiver. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by the other party.
11. Severability. If any provision of this Agreement shall be or become illegal or unenforceable in whole or in part, the remaining provisions shall nevertheless be deemed valid, binding, and subsisting.
12. Assignment. You may not assign this Agreement without our prior written consent.
13. Voluntary Agreement. You acknowledge that you have received and read this Agreement and fully understand both the provisions and obligations imposed.
14. Security Interest. You warrant that no person or entity has or will have a security interest in any of the turkeys shown on the flock schedule on or as of the date of delivery to us. We may rely on such warranty in making payment to you.
15. Mediation. The parties agree to the use of mediation to attempt to resolve any dispute between the parties arising out of or relating to this Agreement. The mediator shall have no authority to impose a settlement of any such dispute. Mediation shall be conducted pursuant to the Minnesota Civil Mediation Act, Minnesota Statutes, §§ 572.31 to 572.40.
16. Force Majeure. Each party is not responsible for its failure to comply with the conditions and provisions of this Agreement for any cause or reason beyond its control. Examples of such causes are fire, explosion, accident, war, labor trouble, civil commotion, or disorder, insurrection, riot, and act of God.
17. Capital Investment Required. The parties agree that no capital investments in the Facility will need to be made by you during the term of the Sublease. If you acquire the turkey building(s) at the end of the term of the Sublease by exercising your option to purchase, capital improvements to the Facility will be required at your cost to keep the Facility in good condition and up to date for growing of turkeys under our program.

18. Notice of Payment Protection. We are a licensed and bonded Minnesota Wholesale Produce Dealer. As a supplier of produce, you are protected by a bond and a Wholesale Produce Dealers Trust, if you file a claim within forty (40) days after the due date of any payment with the Minnesota Department of Agriculture. For further information, call (612) 296-2200 or write. Minnesota Department of Agriculture, Plant Industry Division, 90 W. Plato Boulevard, St. Paul, MN 55107

The parties have caused this Agreement to be duly executed as of the day and year written below.

Dated: _____ at _____,

GROWER:
("you" or "your")

By: _____

By: _____

Address: _____

JENNIE-O TURKEY STORE, INC.
("we", "us" or "our")

By: _____

Its: _____

Address: _____

APPENDIX I

Placement Schedule Tentative

START DATE	FLOCK NUMBER	HENS	TOMS	EXPECTED TRANSFER DATE
8/04/03	4101	8,573	525	1/05/04
8/04/03	4102	8,573	525	1/12/04
8/11/03	4103	8,573	525	1/19/04
8/11/03	4104	8,573	525	1/26/04
	Proj. Total	34,292	2,100	
2/02/04	4107	8,573	525	7/05/04
2/02/04	4108	8,573	525	7/12/04
2/09/04	4109	8,573	525	7/19/04
2/09/04	4110	8,573	525	7/26/04
	Proj. Total	34,292	2,100	
8/02/04	5101	8,573	525	1/03/05
8/02/04	5102	8,573	525	1/10/05
8/09/04	5103	8,573	525	1/17/05
8/09/04	5104	8,573	525	1/24/05
	Proj. Total	34,292	2,100	

PARTIES UNDERSTAND THAT PLACEMENT SCHEDULE MAY BE MODIFIED BY US AS NECESSARY TO MEET TURKEY PRODUCTION NEEDS AND/OR BECAUSE OF OCCURRENCES BEYOND THE CONTROL OF US, INCLUDING, BUT NOT LIMITED TO, DISEASE AND/OR NATURAL DISASTER.

WE WILL MAKE EVERY REASONABLE ATTEMPT TO PROVIDE YOU A THREE (3) WEEK DOWNTIME BETWEEN FLOCKS ONE TIME PER YEAR.

WE WILL MAKE EVERY REASONABLE ATTEMPT TO MOVE SEVEN (7) WEEK OLD BIRDS INTO YOUR FACILITY.

APPENDIX 2

Growing Supplies

- Feed
- Fuel for BFR facilities
- Electricity costs for BFR facilities
- Flock medications
- Miscellaneous costs for items such as disinfectant and pesticides or pest control
- BFR facility trash and dead bird disposal
- Litter
- Lime

APPENDIX 3

Jennie-O's Average Cost - Past Twelve Months

The following are our average costs for the period of November 2001 to November 2002.

Litter Cost per Bird Day	\$.00304
Fuel Cost per Bird Day	.00380
Electrical Cost per Bird Day	.00339
Medication Cost per Bird Day	.00017

Our Total Average Supply Cost per Bird Day	\$.01040

The "per bird day" cost is determined by dividing the total cost by the number of days the birds are in your Facility.

APPENDIX 4

Supply Cost Bonus Payment

The bonus earned is based upon the range of your cost being less than our average cost, expressed as a percent.

RANGE OF LOWER COST	BONUS
3.5% to 7.0%	\$ 125.00
7.1% to 10.5%	\$ 250.00
10.6% or more	\$ 350.00

APPENDIX 5

Quality Incentive Payment

Incentive earned is based upon the average score within range of 40 randomly selected hens foot pads and 25 randomly selected toms foot pads.

RANGE OF QUALITY FOOT PADS – HENS	INCENTIVE
1.11 – 1.33	\$0.19/Hen Transferred
1.34 – 1.56	\$0.125/Hen Transferred
1.57 – 1.79	\$0.060/Hen Transferred
RANGE OF QUALITY FOOT PADS – HENS	INCENTIVE
1.41 – 1.60	\$0.19/Hen
1.61 – 1.80	\$0.125/Hen
1.81 – 1.99	\$0.060/Hen Transferred

APPENDIX 6

Per Head Payment Schedule

The following rate per head will be paid to you for each head delivered to and accepted by us during the time period indicated.

January 2003-December 2012	\$1.00
January 2013-December 2018	\$1.65
January 2019-December 2028	\$1.80

The agreed upon storage duration of each flock is approximately twenty-three (23) weeks.